

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3756

To encourage private insurance against earthquakes by making earthquake insurance premiums tax deductible.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 1, 1994

Mr. COX introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To encourage private insurance against earthquakes by making earthquake insurance premiums tax deductible.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Earthquake Insurance  
5       Incentive Act”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds that:

8               (1) The catastrophic and unpredictable nature  
9       of earthquakes, coupled with the current lack of suf-  
10      ficient private insurance, have resulted in taxpayers

1 bearing excessive and avoidable costs of disaster re-  
2 lief provided by the Federal Government.

3 (2) The existing utilization of private insurance  
4 is inadequate.

5 (3) A reasonable method of encouraging indi-  
6 viduals and organizations to insure against earth-  
7 quake losses is to make earthquake insurance pre-  
8 miums tax deductible. This will help make private  
9 earthquake insurance more widely available and af-  
10 fordable to the general public. It will also reduce the  
11 cost to taxpayers from the present level of unlimited  
12 exposure for largely uninsured losses.

13 **SEC. 3. DEDUCTION FOR EARTHQUAKE INSURANCE.**

14 (a) IN GENERAL.—Part VII of subchapter B of chap-  
15 ter 1 of the Internal Revenue Code of 1986 (relating to  
16 additional itemized deductions for individuals) is amended  
17 by redesignating section 220 as section 221 and by insert-  
18 ing after section 219 the following new section:

19 **“SEC. 220. EARTHQUAKE INSURANCE.**

20 **“(a) ALLOWANCE OF DEDUCTION.**—In the case of an  
21 individual, there shall be allowed as a deduction amounts  
22 paid or incurred during the taxable year for earthquake  
23 insurance coverage for property of the taxpayer which is  
24 located in the United States.

1       “(b) EARTHQUAKE INSURANCE.—For purposes of  
2 this section, the term ‘earthquake insurance’ means insur-  
3 ance against losses from any earthquake.

4       “(c) EARTHQUAKE.—For purposes of this section,  
5 the term ‘earthquake’ means any shaking or trembling of  
6 the crust of the earth caused by underground seismic  
7 forces or by breaking and shifting of rock beneath the sur-  
8 face.

9       “(d) DENIAL OF DOUBLE BENEFIT.—No deduction  
10 shall be allowed under this section for any amount which  
11 is allowable as a deduction under any other provision of  
12 this chapter.”

13       (b) DEDUCTION ALLOWED WHETHER OR NOT TAX-  
14 PAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a)  
15 of section 62 of such Code is amended by inserting after  
16 paragraph (15) the following new paragraph:

17               “(16) EARTHQUAKE INSURANCE.—The deduc-  
18 tion allowed by section 220.”

19       (c) CLERICAL AMENDMENT.—The table of sections  
20 for part VII of subchapter B of chapter 1 of such Code  
21 is amended by striking the last item and inserting the fol-  
22 lowing new items:

“Sec. 220. Earthquake insurance.  
“Sec. 221. Cross reference.”

1       (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 the date of the enactment of this Act.

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